

Message Text

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SUBJ: VALUATION OF FISHMEAL COMPANIES

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1. IN LATE MAY GOP SET UP THREE MAN VALUATION COMMITTEE FORMED OF MINISTRY OF FISHERIES OFFICIALS TO WORK OUT VALUATION PROCEDURES AND SETTLEMENTS FOR FISHING COMPANY EXPROPRIATIONS.

2. FIRST TASK ON WHICH COMMITTEE NOW WORKING IS TO DEVISE AND PUBLISH IMPLEMENTING REGULATIONS TO PERUVIAN EXPROPRIATION LAW (D. L. 10000) WHICH WILL PSELL OUT FORMULA TO BE USED TO VALUE PROPERTIES AND FISHMEAL STOCKS ON HAND. SO FAR NONE OF FOREIGN- OWNED COMPANIES HAVE BEEN APPROACHED BY VALUATION COMMISSION ON VALUATION FORMULA ALTHOUGH IT UNDERSTOOD NATIONAL FISHERIES SOCIETY HAS BEEN DISCUSSING PRICING OF EQUITY SHARES WITH NATIONAL SECURITY EXCHANGE COMMISSION.

3. IN MEANTIME FISHING COMPANIES HAVE SUBMITTED BALANCE SHEETS AND OTHER DOCUMENTS TO GOP FOR STUDY. NEXT STEP WILL BE AUDIT OF EACH COMPANY BY MINISTRY FISHERIES. ALL COMPANIES HAVE BEEN OFFICIALLY NOTIFIED THAT AUDIT WILL START SOON. ALSO PESCA- PERU HAS BEEN OFFICIALLY FORMED (D. L. 20001) AND MINISTERIAL RESOLUTION SETTING FORTH

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ITS BY- LAWS ETC. WAS PUBLISHED IN " EL PERUANO" ON JUNE 22.

4. FISHING COMPANY OFFICIALS SAY THAT THEY HAVE NO WAY KNOWING HOW LONG IT WILL TAKE GOP DEVISE VALUATION FORMULA AND BEGIN PAYMENTS EXPROPRIATED COMPANIES. IN THEIR VIEW, IT MORE IMPORTANT THAT CORRECT VALUE BE PLACED ON THEIR PROPERTIES AND FISHMEAL STOCKS THAN THAT THEY RECEIVE CASH QUICKLY. THEIR FEAR IS THAT GOP WILL ANNOUNCE LOW VALUATION FORMULA WITHOUT ANY DISCUSSIONS INDUSTRY AND THEN PRESSURE COMPANIES ACCEPT RATHER THAN GO THROUGH PROLONGED NEGOTIATIONS GET BETTER DEAL. MOST (BUT NOT ALL) OFFICIALS BELIEVE, IN VIEW COMPLEXITY VALUATION PROBLEM, NEED TO COMPLETE AUDIT ETC., THAT COMENSATION MOVES CANNOT BE EXPECTED BEFORE LATE AUGUST OR SEPTEMBER. OTHERS SAY THAT PRESSURES ON GOVERNMENT FROM PERUVIAN OWNERS FISHMEAL COMPANIES WHO NEED CASH WILL PREVENT GOP FROM DELAYING SETTLEMENT PROPOSALS FOR VERY LONG.

5. AS INDICATED ABOVE, ONE OR TWO MONTHS WILL BE NEEDED TO COMPLETE AUDITS OF COMPANIES AND TO STUDY RESULTS. DURING THIS PROCESS, INFORMATION WILL UNDOUBTEDLY COME TO OUR ATTENTION WHICH WILL ENABLE US TO FORM SOME JUDGMENT AS TO ADEQUACY AND RAPIDITY OF COMPENSATION. IF IT APPEARS THAT COMPENSATION LIKELY TO BE INADEQUATE OR THAT GOP IS DRAGGING ITS FEET, EMBASSY WILL BE ALERT TO TAKE ADVANTAGE OF OPPORTUNITIES TO FOLLOW- UP, COORDINATING WITH U. S. COMPANIES AND EMBASSIES OF OTHER COUNTIRES WHOSE NATIONALS HAVE BEEN AFFECTED, AS APPROPRIATE. IN THE MEANTIME, WE CONSIDER IT UNWISE AT THIS POINT TO APPEAR TO BE PUTTING TOO MUCH PRESSURE ON THE GOP. REPORTS OF THIRD COUNTRY REACTIONS AT RECENT PARIS CG MEETING WERE ENCOURAGING AND MORE FORTHRIGHT THAN WE HAD EXPECTED, AND EFFECT ON GOP SEEMS TO HAVE BEEN SALUTORY. IMPACT MIGHT BE DILUTED IF WE WERE NOW TO APPEAR TO BE TOO MUCH IN VANGUARD. WE ALSO THINK IT WOULD BE HELPFUL IF U. S. FISHING COMPANIES WERE TO TAKE SOME INITIATIVE TO COORDINATE THEIR ACTIONS WITH THIRD COUNTRY COMPANIES AFFECTED. TO BEST OF OUR KNOWLEDGE, THEY HAVE NOT YET DONE SO.

BELCHER

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